

Message Text

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43

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 COME-00 TRSE-00 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 LAB-04 SIL-01 /081 W

----- 103703

R 031137Z MAR 76

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 8841

INFO AMEMBASSY AMMAN

AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

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E.O. 11652 N/A

TAGS: EFIN, EGEN, LE

SUBJ: GOL POLICY ON CAPTIAL MOVEMENTS AND EMPLOYMENT

1. ON MARCH 2, CHARGE ACCOMPANIED BY A/DCM CALLED ON PRIME MINISTER RASHID KARAME TO DISCUSS VARIOUS SUBJECTS. DURING COURSE OF CONVERSATION, PRIME MINISTER MENTIONED INTEREST GOL HAD IN RETURN OF FOREIGN COMPANIES TO LEBANON.

2. A/DCM TOOK OPPORTUNITY TO RAISE TWO ISUES VITAL TO RETURN OF FOREIGN COMPANIES TO LEBANON OVER AND ABOVE THE PRIME ISSUES OF SECURITY AND STABILITY. THESE WERE ASSURANCES THAT THERE WOULD BE NO CHANGE IN THE TRADITIONAL LEBANESE POLICY WIT RE-PECT TO THE FREE MOVEMENT OF CAPITAL AND THAT, CONTRARY TO RUMORS CIRCULATING IN THE BUSINESS COMMUNITY, NO LEGISLATION WOULD BE PASSED PROHIBITING THE DISCHARGE OF PERSONNEL EITHER BECAUSE

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A COMPANY HAD BEEN RENDERED BANKRUPT BY LOCAL EVENTS OR

HAD BEEN OBLIGED TO LEAVE LEBANON BECAUSE OF SECURITY CONDITIONS. WHEREAS THERE MIGHT BE CERTAIN SHORT-TERM ADVANTAGES TO IMPOSING RESTRICTIONS ON CAPITAL MOVEMENTS OR LIMITATIONS ON THE DISCHARGE OF SUPERFLUOUS PERSONNEL, LEBANON, IN ORDER TO REACQUIRE ITS ATTRACTIVE REPUTATION OF THE PAST AS A CENTER THAT WELCOMED FOREIGN COMPANIES UNDER CONDITIONS OF FREE ENTERPRISE AND NON-DISCRIMINATION, WOULD HAVE TO GIVE ASSURANCES THAT SUCH MEASURES WERE NOT ANTICIPATED.

3. KARAME, WITHOUT HESITATION, STATED THAT HE FULLY REALIZED THAT RESTRICTIONS ON CAPITAL MOVEMENT AND ON THE DISCHARGE OF PERSONNEL WERE CONTRADICTORY TO THE COUNTRY'S LONG-TERM INTERESTS AND WOULD NOT BE IMPOSED. HE SPECIFICALLY ADMITTED PRESSURE WAS BEING APPLIED BY LABOR UNIONS ON ISSUE OF DISCHARGE OF PERSONNEL BUT SAID GOVERNMENT WOULD NOT YIELD.
LAMBRAKIS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EMPLOYMENT, POLICIES, CAPITAL FLOWS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BEIRUT01971
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760081-0209
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197603101/aaaadlbq.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 30 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 APR 2004 by woolfhd>; APPROVED <08 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOL POLICY ON CAPTIAL MOVEMENTS AND EMPLOYMENT
TAGS: EFIN, EGEN, ELAB, LE, (KARAME, RASHID)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006